

1 [Power Purchase Agreement.]

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3 **Resolution approving a power purchase agreement with the California Department of**
4 **Water Resources.**

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6 WHEREAS, The State of California has approved a settlement agreement with the
7 Williams Energy Companies through which San Francisco will receive at no cost electric
8 generating equipment which can be used to develop power plants to enhance reliability in the
9 City; and,

10 WHEREAS, Siting and developing the equipment appropriately would allow for the
11 shutdown of the Hunters Point power plant; and,

12 WHEREAS, The equipment would produce electricity more reliably and with less
13 pollution than the Hunters Point power plant; and,

14 WHEREAS, Siting, developing, and operating the equipment would involve substantial
15 costs; and,

16 WHEREAS, The California Department of Water Resources (CDWR) desires to
17 purchase the power produced by the equipment on a cost-of-service basis to ensure reliability
18 within San Francisco if the City sites and develops the equipment; and,

19 WHEREAS, A power purchase agreement with CDWR would assist the City in
20 financing the costs of siting, developing, and operating the equipment without risk to the City's
21 general fund; and,

22 WHEREAS, Under the provisions of California Water Code Section 80260, CDWR's
23 authority to enter contracts to purchase power expires 12/31/02; and,

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1 WHEREAS, A copy of the power purchase agreement between the City and CDWR is
2 on file with the Clerk of the Board of Supervisors in File No. , which is hereby declared to
3 be a part of this resolution as if set forth fully herein; and,

4 WHEREAS, The City has not determined whether it should site and develop the
5 equipment; and,

6 WHEREAS, The City has not determined the costs of siting and developing the
7 equipment; and,

8 WHEREAS, The City has not analyzed the impacts of siting and developing the project
9 on City finances, the environment, public health, or the electric system; and,

10 WHEREAS, Approval of the Board of Supervisors will be required for financing the
11 project and for contracting related to design, construction, operation, and maintenance of the
12 project; and,

13 WHEREAS, The price paid by CDWR to City under the contract cannot be determined
14 until the City and CDWR perform additional analysis; and,

15 WHEREAS, Under the terms of the agreement, the City may terminate the power sales
16 agreement with CDWR prior to siting and developing the project; now, therefore be it

17 RESOLVED, That the General Manager of the Public Utilities Commission is
18 authorized to execute the agreement with CDWR, contingent on adoption of the settlement
19 agreement by the State of California and transfer of the electric generating equipment to the
20 City.

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